

Message Text

CONFIDENTIAL

PAGE 01 TEGUCI 01875 061504Z

43

ACTION ARA-20

INFO OCT-01 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00

NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20 USIA-15

COME-00 EB-11 LAB-06 SIL-01 AGR-20 IGA-02 DRC-01

ISO-00 /136 W

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R 032156Z MAY 74

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 7002

C O N F I D E N T I A L TEGUCIGALPA 1875

E.O. 11652: GDS

TAGS: ETRD, ELAB, HO

SUBJECT: CONVERSATION WITH LABMIN GUATAMA FONSECA

REF: (A) A-42, (B) TEGUCIGALPA 1708, (C) TEGUCIGALPA 1707,
(D) TEGUCIGALPA 1840

BEGIN SUMMARY: IN CONVERSATION WITH LABOFF TODAY LABMIN FONSECA SAID THAT LAVABLE BRA OF HONDURAS PROBLEM HAD BEEN RESOLVED BY COMPLETE COMPANY CAPITULATION. HOWEVER, ANOTHER SERIOUS PROBLEM NOW CREATED BY STANDARD FRUIT REFUSAL TO SHIP FOLLOWING IMPLEMENTATION OF GOH BANANA TAX. TEN DAY ULTIMATUM GIVEN TO TEXACO REFINERY BY ITS UNION COMBINED WITH UNION INSISTENCE UPON FONSECA'S PERSONAL INTERVENTION PROVIDES ANOTHER THORNY QUESTION TO GOH. END SUMMARY.

1. IN CONVERSATION TODAY WITH LABOFF LABMIN GUATAMA FONSECA SAID THAT DIFFICULT PROBLEM WITH LOVABLE BRA OF HONDURAS HAD BEEN SETTLED LATE MAY 1, FOLLOWING STRONG GOH PRESSURE LOVABLE MANAGEMENT CAPITULATED AND WILL REHIRE DISMISSED WORKERS WITHOUT REPRISALS. FONSECA COMMENTED THAT LOVABLE CASE, WHEN CONSIDERING POSSIBLE CONSEQUENCES, WAS THE MOST DIFFICULT AND DANGEROUS THE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TEGUCI 01875 061504Z

GOH HAD FACED DURING HIS TWO PERIODS AS LABOR MINISTER.

2. A SERIOUS NEW PROBLEM HAS ARISEN IN THE FORM OF STANDARD FRUIT COMPANY'S REFUSAL TO SHIP BANANAS SINCE THE GOH BANANA TAX BECAME EFFECTIVE AT 12:01 A.M. APRIL 26. STANDARD HAS NOT SHIPPED A BOX SINCE THAT TIME AND FURTHERMORE IS NOT WORKING ITS EMPLOYEES ON THE RAILROAD, THE DOCKS OR IN THE PACKING HOUSES. ALSO, THE COMPANY IS NOT PAYING THOSE WORKERS. THE GOH LOBOR CODE PROVIDES THAT WHEN THE LACK OF WORK IS NOT THE WORKERS' FAULT BUT RATHER RESULTS FROM A MANAGEMENT DECISION, THE COMPANY HAS AN OBLIGATION TO PAY THE WORKERS FOR THE REGULAR WORK SCHEDULE. GIVEN THE DELICATE STAGE OF NEGOTIATIONS BETWEEN THE UNION (SUTRAFSCO) AND THE COMPANY ON THE COLLECTIVE AGREEMENT, THIS ADDED ISSUE COULD RESULT IN A UNION STRIKE. FONSECA VIEWS THE COMPANY'S REFUSAL TO PROVIDE SALARY TO THOSE NOT WORKING DUE TO THE COMPANY'S DECISION NOT TO SHIP AS A ILLEGAL WORK STOPPAGE AND A DIRECT CHALLENGE TO THE GOH. HE SHOWED SIGNS OF BEING UNDER GREAT PRESSURE BUT DID NOT INDICATE LIKELY GOH REACTION TO STANDARD'S ACTION.

3. FONSECA ALSO REGARDS PROBLEM BETWEEN THE TEXACO REFINERY AT PUERTO CORTES AND ITS UNION AS POTENTIALLY SERIOUS. FONSECA REGARDS ALL DISPUTED POINTS BUT ONE AS BEING SIMPLE TO RESOLVE. DIFFICULT QUESTION CONCERNS PROVISIONS IN LABOR CODE FOR SUNDAY PAY. THE FESITRANH UNIONS REGARD THIS AS PRECEDENT SETTING CASE. UNION HAS TAKEN DISPUTE THROUGH MEDIATION AND CONCILIATION IN THE LABOR MINISTRY AND NOW HAS GIVEN TEN DAY ULTIMATUM TO TEXACO (DISPUTE DESCRIBED SEPTTEL) AND HAS DEMANDED PERSONAL INTERVENTION OF FONSECA OR CHIEF OF STATE LOPEZ. FONSECA BELIEVES UNION POSITION INCORRECT AND DOES NOT WANT TO BE DRAGGED INTO THE DISPUTE AND RULE AGAINST THE UNION, THEREBY WEAKENING LABOR SUPPORT FOR THE LOPEZ GOVERNMENT. SECONDLY, FONSECA SEES REAL POSSIBILITY OF A STRIKE BY THE UNION IF HE ENTERED THE DISPUTE AND DECIDED FOR THE COMPANY.

COMMENT: THE CAPITULATION BY LOVABLE WILL DO NOTHING TO CONVINCE HONDURAN PRIVATE ENTERPRISE OF THE FAIRNESS
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 TEGUCI 01875 061504Z

AND IMPARTIALITY OF THE GOH AND FONSECA IN LABOR MANAGEMENT DISPUTES. IN TERMS OF THE LABOR CODE THE COMPANY ACTION OF FIRING THE WORKERS WITH SEVERANCE PAY WAS ACTUALLY LEGAL. THE STRONG GOH PRESSURE ON THE COMPANY RESULTED FROM STRONG FESITRANH THREATS OF A PROGRESSIVE STRIKE. THIS EXAMPLE OF THE ABILITY OF ORGANIZED LABOR TO INFLUENCE GOH ACTION WILL NOT BE LOST ON EITHER LABOR OR MANAGEMENT.

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